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NATIONAL INTELLIGENCE DAILY CABLE
Tuesday July 27, 1976 CI NIDC 76-175C

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NATIONAL SECURITY INFORMATION
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National Intelligence Daily Cable for Tuesday, July 27, 1976

The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

25X1 [] The US-sponsored evacuation of foreign citizens from Beirut was conducted early this morning without significant incident.

25X1 [] Relatively heavy fighting continued in Beirut's eastern suburbs yesterday, including heavy shelling by Christian militias of Tall Zatar refugee camp. Press reports indicate several Christian groups have agreed to stop firing to allow some 1,000 persons trapped in the camp to evacuate, but other factions continue to insist that the camp's defenders must first surrender.

25X1 [] Lebanese President Franjiyah met yesterday with Interior Minister Shamun, Phalanges leader Jumayyil, Arab League representative Hasan Sabri al-Khuli, and a Syrian representative. According to the Syrian representative, they reviewed the talks in Damascus between Syrian Foreign Minister Khaddam and Palestine Liberation Organization representative Qaddumi, which the US embassy in Damascus believes have entered a more serious stage.

25X1 [] A Palestinian spokesman in Damascus said yesterday, however, that while some progress has been made on minor points, the two sides remain far apart on "major principles," including the Palestinians' insistence that their future in Lebanon be discussed only after a new administration is installed in Beirut.

25X1 [] Press reports indicate Palestinian and leftist leaders met in Beirut yesterday to discuss the talks in Damascus. These discussions reportedly centered on a Syrian working paper, which does not include a provision for the withdrawal of Syrian forces from Lebanon.

25X1 [] The Palestinians and leftists have insisted that such a withdrawal precede any reconciliation with Damascus. The press implies that an agreement may be in the offing but such a dramatic change in the Palestinian bargaining position seems unlikely.

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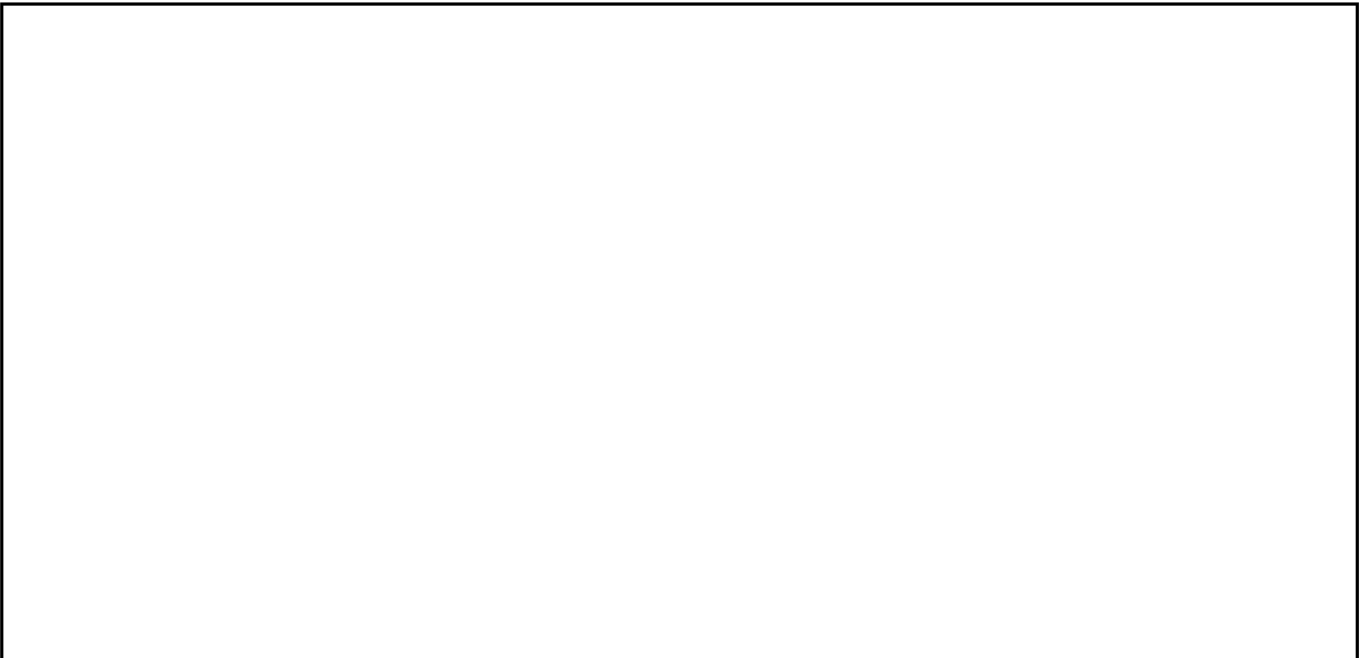
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KENYA-UGANDA: Relations

[] A senior Kenyan defense official told the US embassy yesterday that Nairobi believes Ugandan President Amin is still planning some kind of military move against Kenya despite his calls for UN and OAU investigation of the dispute between the two countries.

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[] The Kenyans have asked the US embassy to ensure that current visits of US military units to Kenya are given as little US publicity as possible. They have also requested that the visits be officially described as routine. The Kenyans, who last week said the US presence had played a role in deterring Amin from taking military action, are apparently trying to avoid damage to Kenya's nonaligned credentials.

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25X1 [REDACTED] The Arab League reportedly has agreed to discuss Amin's request for oil and other supplies, but no date has been set for a meeting. The League has also called on its members to attempt to bring about a reconciliation between Uganda and Kenya.

25X1 [REDACTED]

25X1 [REDACTED] The Kenyan press continues to claim that Amin is having serious domestic problems, including army mutinies and an assassination attempt last weekend by army troops. He has frequently been faced with army indiscipline and attempts to unseat him, but we have no confirmation of the latest Kenyan reports.

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EGYPT-LIBYA: Anti-Egyptian Speech

25X1 [REDACTED] Intense propaganda exchanges between Libya and Egypt are continuing, and Libyan President Qadhafi is showing signs of concern at the Egyptian troop buildup.

25X1 [REDACTED] In a speech delivered Friday to a student group but not publicized until the weekend, Qadhafi took note of the Egyptian military moves on the border and attributed them to a "grudge" President Sadat bears toward Libya because oil wealth has brought it prosperity.

25X1 [REDACTED] Qadhafi, in reminding his people that he has provided well for them, seemed to be appealing for their loyalty and trying to head off possible dissidence resulting from the Egyptian buildup. He may fear that Egyptian moves could encourage rebellion in eastern Libya, where he has received little support from the local population.

25X1 [REDACTED] Qadhafi does not, however, seem to believe that Egyptian military action is imminent. He urged Cairo to "come to its senses" and gave the Egyptians until September 1--the seventh anniversary of his take-over--to do so. If he sees no change in the Egyptian attitude by then, he said, he will break diplomatic relations.

JAPAN: Tanaka Arrested

25X1 [] The arrest yesterday of former prime minister Tanaka in connection with the Lockheed scandal could open potentially serious divisions within the ruling Liberal Democratic Party, which is struggling over the continued tenure of Prime Minister Miki. 25X1

25X1 [] Apprehension within the party that Miki might use Lockheed information to damage his political opponents, including Tanaka, prompted powerful party leaders to attempt to remove Miki last month. The Prime Minister weathered the initial challenge and has continued to affirm that he will remain in office until the affair is resolved.

25X1 [] Miki may well calculate that taking an anti-corruption position is his best chance of staying in office. 25X1

25X1 [] Tanaka's political career is finished, but the damage his arrest will do to the party depends on a number of factors, including the former prime minister's behavior. If Tanaka refrains from implicating others outside his faction in the party,

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the party could well limit the damage. If, however, Tanaka's co-operation with the investigators leads to the arrest of leaders of other factions, the party will clearly face an internal crisis. [REDACTED]

CUBA: Speeches

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[REDACTED] Fidel Castro, in a speech last night, reiterated his standard pledge that "Cuban military units and the necessary weapons" would remain in Angola until Luanda's armed forces are organized, equipped, and trained.

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[REDACTED] Castro added that he is withdrawing military personnel not now needed but gave no hint as to the number of troops involved or the pace of the withdrawal. He promised visiting Angolan President Agostinho Neto that Cuban troops would return if Angola were again in need and assured him of Cuba's intention to cooperate in all fields.

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[REDACTED] For his part, Neto expressed gratitude for Cuban support. He said that large numbers of Cuban troops are no longer required but stressed the need for Cuban technicians.

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[REDACTED] Judging from the nature of the Angolan delegation, considerable planning for the future Cuban role in Angola probably took place. Neto's party included senior political, economic, and military officials, as well as representatives from local governments, unions, and mass organizations. [REDACTED]

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TURKEY-GREECE: Sismik Voyage

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[REDACTED] //High-level Greek-Turkish talks, which began last Wednesday at Greek initiative, have failed to defuse the potentially explosive situation surrounding the voyage of the Turkish research ship Sismik I.//

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[REDACTED] //The negotiators focused on the possibility of exchanging Greek assurances of safe passage for a public statement by the Turks that they would not provide the ship with a military escort and that the ship's mission implied no Turkish claim to the seabed.//

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[] //By Saturday, positions had hardened. The Greeks were insisting that they would not guarantee safe passage unless Ankara gave advance notice of the ship's entire schedule of activities. This, according to the Greek ambassador in Ankara, was to avoid the step-by-step notification system the Turks were proposing, which might be used to apply pressure on Athens in increments. Athens was also demanding that a Greek naval ship be allowed to escort or follow the Sismik I.//

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[] //The Turkish government, under renewed pressure from its political opponents to assert Turkey's Aegean claims, rejected the Greek position according to Turkish foreign ministry secretary general Elekdag. The Turks maintained that acquiescing would imply Turkish recognition of the Greek claim to virtually the entire Aegean seabed. The Turks were also wary of giving any appearance that the Sismik I was operating with Greek approval.//

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[] //The talks have been broken off. There are apparently no plans for another meeting, although the latest information on the ship's itinerary indicates there is still time for further negotiations if the two sides decide to meet again.//

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[] //The Sismik I is still in the Sea of Marmara, according to Elekdag. It may sail for Saros Bay--perhaps as early as tomorrow--for about ten days of surveying in and around the bay before entering international waters in the vicinity of the Greek island of Samothrace. The Turkish official says that if there are not assurances of safe passage, the ship will have military protection when it leaves Turkish territorial waters.

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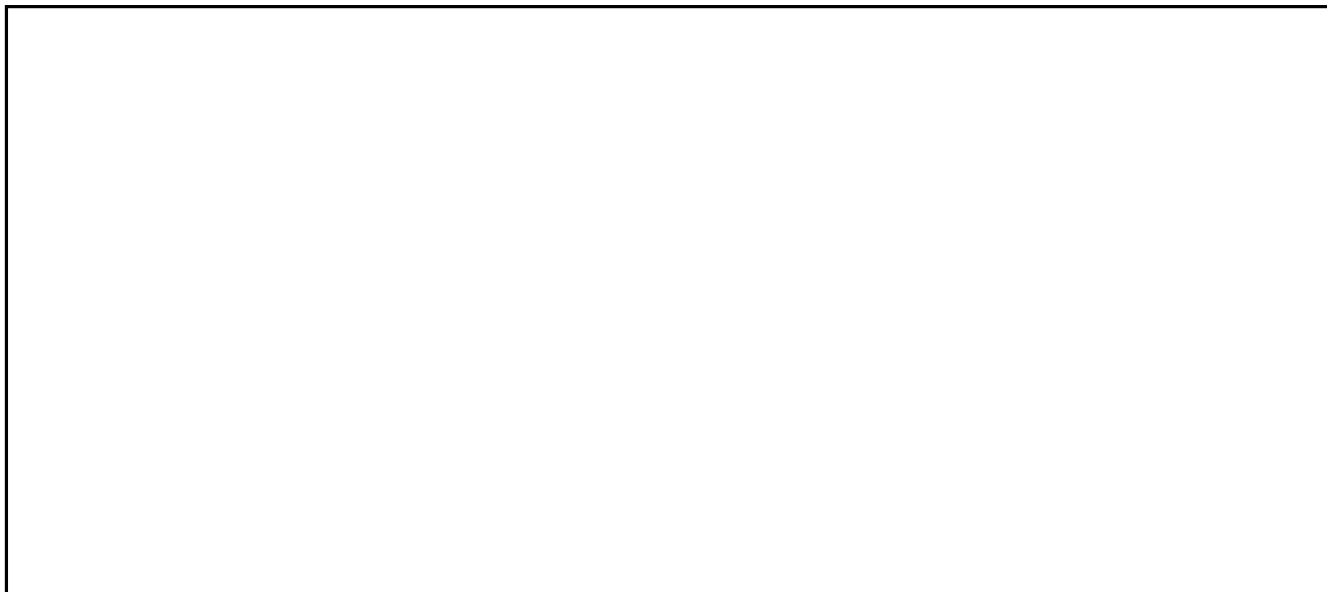
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EC: Threatens Court Action

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[REDACTED] //The EC Commission has initiated legal action against West Germany, France, the UK, and Italy for participating in an informal gentlemen's agreement to restrain export credit competition. The US, Japan, and Canada are the other participants in the agreement, which became effective on July 1.//

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[REDACTED] //The European Court of Justice gave an advisory opinion last year which recognized the Commission's exclusive jurisdiction over export credit matters. Commission officials maintain that the participating states' failure to work out an arrangement formally associating the EC with the agreement violates the EC treaty. The four, for their part, assert that EC participation was not required because no formal agreement was signed.//

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[REDACTED] //The issue will now come before the EC foreign ministers. Should they fail to issue a directive acknowledging the Community's authority, the Commission plans to initiate court action, possibly in December. The Commission is convinced it has an iron-clad case and believes a favorable court decision could be handed down within six months.//

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25X1 [] //The Commission hopes that a compromise can be reached which will avert another court ruling. Some members-- particularly France--are unwilling to cede this jurisdiction to the Community and might disregard an adverse ruling, thus posing a "constitutional" crisis for the EC.//

25X1 [] //The current export credit guidelines, as provided for by the gentlemen's agreement, expire in one year. The Commission's initial legal action will place considerable pressure on the members to acknowledge the EC's role when negotiations on a new agreement begin next spring. 25X1 []

MALTA: Parliamentary Elections

25X1 [] Approaching parliamentary elections in Malta are developing into a referendum on Prime Minister Dom Mintoff's nonaligned foreign policy. The economic impact of the withdrawal of British forces, to be completed by March 31, 1979, is also likely to be a key issue.

25X1 [] Parliament must be dissolved by mid-August and the election held before the middle of November, but it could be called sooner.

25X1 [] Since the return of his Labor Party to power in 1971, Mintoff has stirred controversy at home by moving Malta away from its traditionally strong ties with the UK, Europe, and NATO and toward a closer identification with the Third World. Malta, a member of the nonaligned movement since 1973, was admitted to the Group of 77 in February of this year.

25X1 [] Shortly after assuming office, Mintoff demanded removal of the small NATO naval command from the island and refused entry to US navy ships. In key votes in international forums, particularly the UN, Malta has taken anti-US and anti-Western positions. Mintoff has carefully cultivated a friendship with Libyan leader Qadhafi, which in turn has led him to adopt a sharply pro-Arab and anti-Israel stance.

25X1 [] Such marked departures from traditional Maltese policies have been unpopular with many Maltese, who generally remain pro-Western and view Mintoff's flirtation with Qadhafi with suspicion.

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[] One of Mintoff's major foreign policy themes is his opposition to the presence of US and Soviet fleets in the Mediterranean. Last summer he almost brought the European Security Conference to a standstill by demanding an amendment to the Mediterranean declaration calling for the withdrawal of all US and Soviet ships from the area.

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[] He has capped his anti-US and anti-Soviet stands by introducing a significant Chinese technical presence into Malta, coupled with strong support of Peking's Asia policy.

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[] Such policies have increased Maltese anxieties about the island's political and economic future after the British withdrawal. Of major concern is the loss to Malta's economy of some \$80 million annually from the NATO-financed British base-rental payments and local British expenditures.

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[] It remains unclear whether the pro-Western Nationalist Party opposition, led by former prime minister Georgio Borg Olivier, will be able to capitalize sufficiently on public dissatisfaction with Mintoff's policies to win the election.

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[] Borg Olivier is a weak and ineffectual leader who has been able to muster only token opposition in parliament to most of Labor's programs. The Nationalists' problems could be compounded by a gerrymandering of the election districts by Mintoff last February.

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[] The election results will be determined in large part by Mintoff's success in convincing voters that his widespread contacts with world leaders and diplomatic posturing can secure the necessary international commitments to keep Malta afloat economically.

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[] Whichever party wins the election, Malta will be obliged to seek outside help. Should the Nationalists win, however, they have indicated that in exchange for economic assistance they would restore Malta's pro-Western orientation and allow at least a token NATO presence on the island.

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